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May 29, 2002

VIA COURIER

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Docket No. 02-00291; Response of Total Environmental Solutions, Inc. and South Louisiana Electric Cooperative Association to the letter, dated May 20, 2002, from the Tennessee Regulatory Authority (the "Authority") requesting additional information.

Dear Mr. Waddell:

In response to your letter, dated May 20, 2002, requesting additional information in connection with that certain Petition of Total Environmental Solutions, Inc. ("TESI") and South Louisiana Electric Cooperative Association for an Amendment of Tariff Certificate of Public Convenience and Necessity to Provide Utility Services (the "Petition") filed with your office as Docket No. 02-00291, TESI offers the following responses:

1. While T.C.A. § 65-4-101(a)¹ provides little guidance as to whether Cherokee Landing Corporation ("Cherokee Landing Corp.") should be considered a "public

¹ The relevant portion of such section reads "'Public utility' includes every individual, copartnership, association, corporation or joint stock company, its lessees, trustees, or receivers, appointed by a court whatsoever, that own, operate, manage, or control within the state, any interurban electric railway, traction company, all other common carriers, express, gas, electric, light, heat, power, water, telephone, telegraph or any other like system, plant or equipment dedicated to the public use, under privileges, franchises, licenses, or agreements granted by the state or any political subdivision thereof." T.C.A. § 65-4-101.

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utility" by virtue of its operation of the Cherokee Landing Resort (the "Resort"), Chapter 1220-4-3-.03(2) of the Rules of the Tennessee Regulatory Authority Division of Public Utilities (the "Rules") excludes entities like Cherokee Landing Corp. from the definition of "public utilities."

According to the Rules, "the word 'utility' or 'public utility' shall mean any person, partnership, corporation, company, association, or two or more persons having a joint or common interest who owns, operates, or manages any facility used for or in connection with the diverting, developing, pumping, impounding, treating, distributing or furnishing of water to or for the public *for compensation* within the state." (emphasis added) Rules Chapter 1220-4-3-.03(2). Therefore, because Cherokee Landing Corp. does not charge (and has never previously charged) customers at the Resort for water usage, Cherokee Landing Corp. should not be considered a public utility under the Rules. Cherokee Landing Corp. receives no compensation for furnishing water to campers at the Resort.

In addition, while it is TESI's belief that Cherokee Landing Corp. does not qualify as a public utility, this issue is not germane to the Petition. As more fully described in the Petition, TESI is seeking to correct the tariff contained in Docket No. 95-03351 (the "Tariff") to remove Cherokee Landing from the Tariff. TESI has no ownership interest in Cherokee Landing Corp. or the Resort. TESI does not contest that it is a "public utility" based on its provision of water utility services to the Candlewood Subdivision. While TESI believes that it has provided sufficient information to allow the Authority to make a reasoned determination of whether Cherokee Landing Corp. is a public utility, it is TESI's contention that the Authority can make an informed decision on the Petition without consideration of this issue.

2. Neither Cherokee Landing Corp. or those "certain public water facilities" located at Cherokee Resort were sold, transferred or otherwise conveyed to Johnson Properties ("Johnson")

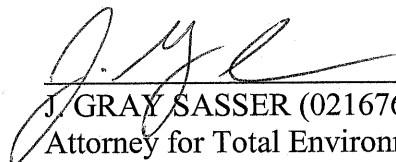
According to that certain Purchase Agreement, dated as of November 15, 1992 (the "Agreement") among National American Corporation ("NAC"), Cherokee Landing Corp., certain other NAC affiliates and Johnson and previously supplied the Authority, Cherokee Landing Corp. was one of several "Sellers" (as such term is defined in the Agreement"). Pursuant to Section 1.1 of the Agreement, Cherokee Landing Corp., as a Seller, sold the outstanding capital stock of Riviera Utilities of Tennessee, Inc. to Johnson. Pursuant to Section 13.6 of the Agreement, Cherokee Landing Corp. did not transfer its interest in the water facilities located at the Resort.

I appreciate the continued attention that you and your staff have given to this matter. If you or your staff has any additional questions or I can provide any additional

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information, please do not hesitate to contact me at the number listed above.

Regards,



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cc: Dan Elrod